

# DRCCEA

*Detroit Retired City Employees Association*  
*Representing Detroit General City Retirees Since 1960*



This Presentation was jointly prepared by the **DRCCEA** and its legal counsel,

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# THE **DRCCEA** REQUESTS:

- The DRCCEA is requesting the legislature to support the contribution of State money to allow the “Grand Bargain” to protect the retirees and pensioners of the City of Detroit.
- The **DRCCEA** requests that the retirees, who live throughout Michigan, be the focus of this process and not political posturing and maneuvering.

# Who is the **DRCEA**

- The **DRCEA** was founded in 1963 to advocate for and protect the interests general retirees.
- The **DRCEA** has over 8,000 dues paying members, but represents all 12,000 plus general retirees.
- The **DRCEA** is a “watchdog for city retirees.”
- The **DRCEA** sent out and received back thousand of consent forms from general retirees requesting that the **DRCEA** represent their interests in the bankruptcy case.
- The **DRCEA** has petitioned City council for increases to retiree benefits and has a formal invitation to Council Budget Sessions.

# The **DRCCEA** and the Chapter 9 Case

- The **DRCCEA** participated in pre-petition “creditor” meetings.
- The **DRCCEA** filed eligibility objections to the City’s Chapter 9.
- The **DRCCEA** has filed an appeal of the eligibility decision to the Sixth Circuit Court of Appeals.
- The **DRCCEA** was formally invited to participate in mediation.
- The **DRCCEA** was a party to both 2014 Other Post Employment Benefit (“OPEB”) lawsuits filed against the City, which resulted in settlement.
- The **DRCCEA** agreed to a term sheet with the City to support the plan, which is conditioned on Outside funding.

# The DRCEA Supports State Contribution & Other Outside Funding

## DRCEA's Support Letter

- Included in the City's Plan of Adjustment Solicitation Materials.
- "The board of directors for the Detroit Retired City Employees Association ("DRCEA") writes to recommend you vote YES in favor of the Fourth Amended Plan of Adjustment filed by the City of Detroit on or about May 5, 2014 (the "Plan")."

## DRCEA's President's Letter

- Front page of DRCEA newsletter
- "I write to you today to recommend that you vote **YES** in support of the City of Detroit's Plan of Adjustment. The DRCEA board to supports the plan to minimize the effects of the Plan of Adjustment. I believe that the terms of the current plan, which incorporates the Term Sheet negotiated by and on behalf of the DRCEA, are a better alternative for retirees then could otherwise be achieved in the chapter 9 bankruptcy case."

# DRCCEA Recommends **YES** Vote

## on Alternative Plan A

Treatment Subject	Plan Alternative A (Settlement) Classes 10 & 11 Vote Yes	Plan Alternative B (Cram Down) Class 10 or 11 Vote No
Pension Reduction	4.5%	27% (or more)
Annuity Savings Fund Recoupment Amount	Capped at 20% of highest balance between 2003-2013	Capped at 20% of highest balance between 2003-2013
Reduction of Monthly Pension Based on ASF Recoupment	Limited to 15.5% (Maximum)	No Limit (pension could be reduced to \$0.00)
<b>Maximum Reduction to Current Pension Check</b>	<b>20%</b> (Including Straight Cut and ASF Recoupment)	<b>Up to 100%</b> (Including Straight Cut and ASF Recoupment)
Cost of Living Allowance (COLA)	No COLA	No COLA
Restoration of Benefits	Pension Reductions Could be Restored	Pension Reductions Could be Restored
Order of Restoration	(1) 4.5% Cut; (2) COLA; (3) ASF recoupment	(1) 27% Cut; (2) COLA; (3) ASF recoupment
Governance	Retiree Representation	Retiree Representation

# DRCCEA Recommends YES Vote on Alternative Plan A (cont.)

Death Benefit	One time election to receive lump sum payment of funded portion of death benefit	Unknown
Health Care (The <b>DRCCEA</b> has consented to drastic reductions of healthcare funding by 80-85%)	Voluntary Employee Benefits Association (VEBA)	Voluntary Employee Benefits Association (VEBA)
	General Retiree Specific VEBA	General Retiree Specific VEBA
	General Retiree Representation on VEBA Board	General Retiree Representation on VEBA Board
	DRCEA involvement with establishing criteria for additional (limited) catastrophic illness aid	Unknown
	General Retiree VEBA to be funded by the City approximately \$218 million	General Retiree VEBA to be funded by the City approximately \$218 million



# General Retiree Pension & Plan Facts

- The average general city retiree pension is only about \$18,000 a year.
- Most of the retirees retired between 1980 and 2000. Of the 11,943 retirees in the General Retirement System the average age and monthly benefits show the impact of pension and health care cuts will fall heavily on the elderly, who put in decades of service to the City and cannot work another job now to replace a lost pension:
- All retirees are taking substantial cuts in healthcare benefits, which will put even greater economic strain on retirees on top
- Age Demographics (as of 2013)

Retirees Over 65 (7987)	Retirees Under 65 : (3965)
Female = 4149	Female = 1709
Male = 3838	Male = 2256

# This is not only a Detroit issue; It's a Michigan Retiree Issue



- 58 % of General Retirees that Live in the Michigan, do live in the City of Detroit
- 42% of General Retirees that Live in Michigan, do not live in the City of Detroit
- Approximately 6151
- Approximately 4428

# General City Retirees that Live in Michigan and in the City of Detroit

## Approximately 6151

Zip	Count	Zip	Count	Zip	Count	Zip	Count
48201	47	48221	590	48211	26	48232	5
48202	112	48223	235	48212	69	48234	299
48203	146	48224	321	48213	224	48235	535
48204	212	48225	78	48214	257	48236	107
48205	246	48226	48	48215	114	48237	98
48206	167	48227	337	48216	27	48238	256
48207	315	48228	304	48217	49	48239	141
48208	55	48229	8	48218	7	48240	61
48209	45	48230	39	48219	444	48243	7
48210	68	48231	8	48220	30	48244	14
TOTAL		6151					

General City Retirees that Live in Michigan, but not in the City of Detroit.  
Approximately 4428

Zip	Count	Zip	Count	Zip	Count	Zip	Count	Zip	Count	Zip	Count	Zip	Count
48001	14	48039	4	48073	27	48108	4	48154	70	48189			7
48003	1	48040	7	48074	2	48111	60	48158	2	48191			4
48004	1	48041	2	48075	178	48112	1	48160	3	48192			14
48005	5	48042	27	48076	138	48114	15	48161	4	48193			9
48006	2	48043	11	48079	12	48116	18	48162	4	48195			20
48009	8	48044	58	48080	78	48117	2	48164	5	48197			20
48012	2	48045	38	48081	35	48118	5	48165	3	48198			10
48014	2	48046	2	48082	36	48120	14	48166	3	48301			13
48015	10	48047	44	48083	16	48121	2	48167	37	48302			9
48017	4	48048	7	48084	9	48122	7	48168	42	48303			1
48021	100	48049	4	48085	16	48124	29	48169	10	48304			20
48023	6	48051	12	48088	41	48125	6	48170	45	48306			6
48025	13	48054	5	48089	30	48126	34	48173	8	48307			24
48026	27	48059	11	48090	3	48127	54	48174	42	48308			1
48027	3	48060	8	48091	28	48128	9	48176	4	48309			17
48028	2	48062	7	48092	39	48130	1	48178	30	48310			39

48030	10		48063	7		48093	58		48134	20		48179	1		48311		1
48032	4		48064	4		48094	9		48135	16		48180	51		48312		71
48033	147		48065	3		48095	2		48138	5		48182	4		48313		37
48034	128		48066	71		48097	3		48139	1		48183	28		48314		31
48035	66		48067	14		48098	8		48141	26		48184	9		48315		42
48036	54		48068	3		48101	24		48144	1		48185	90		48316		17
48037	12		48070	5		48103	6		48146	23		48186	32		48317		17
48038	98		48071	22		48104	6		48150	43		48187	43		48318		1
48322	73		48072	9		48105	4		48152	59		48188	48		48320		4
48323	20		48360	2		48428	3		48601	2		48706	1		48827		1
48324	17		48362	2		48430	4		48602	2		48723	2		48829		1
48325	1		48371	4		48433	1		48617	1		48725	5		48836		7
48326	8		48374	9		48436	1		48618	1		48726	2		48837		2
48327	7		48375	31		48439	8		48622	3		48729	1		48838		1
48328	9		48376	2		48441	1		48623	2		48730	5		48842		1
48329	7		48377	29		48442	7		48624	7		48732	1		48843		17
48331	35		48381	7		48444	3		48625	2		48734	3		48854		1

48332	1	48382	14	48446	5	48627	3	48738	2	48855	3
48333	1	48383	3	48450	14	48629	3	48740	1	48858	3
48334	59	48386	6	48451	3	48630	1	48741	1	48860	1
48335	54	48390	20	48453	1	48632	2	48742	1	48864	6
48336	52	48393	17	48454	1	48633	2	48744	2	48883	1
48340	8	48401	5	48455	4	48634	1	48745	1	48892	1
48341	7	48412	2	48456	2	48640	1	48748	1	48893	1
48342	1	48413	2	48461	2	48642	2	48750	5	48895	1
48343	1	48414	1	48462	4	48647	2	48755	2	48901	1
48346	8	48416	3	48465	1	48650	1	48756	1	48906	2
48347	1	48418	1	48467	3	48653	6	48762	1	48910	4
48348	4	48419	3	48469	3	48654	1	48763	2	48911	2
48350	1	48420	1	48503	3	48656	3	48768	1	48917	3
48353	2	48421	3	48504	1	48657	3	48804	1	49002	2
48356	1	48422	4	48505	1	48658	2	48811	1	49004	2
48357	4	48423	1	48507	1	48661	3	48813	3	49008	2
48359	2	48427	3	48532	2	48705	1	48823	7	49010	2



49015	3		49301	2		49544	2		49706	2		49829	2
49022	1		49306	1		49546	4		49707	5		49839	1
49024	1		49307	1		49601	2		49709	2		49841	1
49036	1		49309	1		49614	2		49712	2		49853	1
49043	1		49319	1		49615	2		49713	1		49855	2
49046	1		49331	1		49617	1		49718	1		49862	2
49048	1		49337	1		49622	1		49721	5		49866	1
49065	1		49343	1		49630	1		49727	1		49868	1
49082	1		49346	3		49633	1		49734	1		49878	2
49090	1		49349	2		49638	1		49735	3		49913	2
49092	1		49408	2		49640	2		49738	6		49935	1
49111	1		49412	1		49642	3		49740	2		49945	1
49120	1		49417	4		49651	3		49746	1		49950	1
49201	1		49423	1		49654	1		49756	3			
49202	1		49431	1		49657	1		49759	1			
49221	1		49441	2		49660	1		49768	1			
49227	1		49442	1		49667	1		49770	2			

49230	4		49460	2		49670	2
49233	1		49464	2		49676	2
49236	1		49468	1		49684	5
49242	1		49503	1		49685	4
49265	3		49504	4		49686	5
49266	1		49505	2		49690	1
49270	1		49506	1		49696	1
49285	1		49508	3		49286	1